

Honorable Robert S. Lasnik

UNITED STATES DISTRICT COURT
FOR THE WESTERN DISTRICT OF WASHINGTON
AT SEATTLE

THE SIGN POST, INC., a Washington
corporation,

Plaintiff,

vs.

BOB'S BURGER AND BREW OF
WASHINGTON, LLC, a Washington limited
liability company; RICK KILDALL; and BOB
KILDALL,

Defendants.

NO. CV09-1420 RSL

DEFENDANTS' ANSWER,
AFFIRMATIVE DEFENSES AND
COUNTERCLAIM

Defendants Bob's Burger and Brew of Washington LLC ("BBB"), Bob Kildall and Rick Kildall (collectively referred to as "Bob"), by way of answer to Plaintiff's Complaint for Copyright Infringement, admit, deny and allege as follows:

I. NATURE OF THE CASE

1.1. Bob admits that Plaintiff seeks recovery for alleged copyright infringement.

1.2. Bob admits that Plaintiff manufactures and installs signs. Bob denies each and every remaining allegation contained in paragraph 1.2.

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Patterson
Mines
One Convention Place
Suite 1400
701 Pike Street
Seattle, Washington 98101-3927
(206) 292-9988

II. JURISDICTION AND VENUE

2. Answering paragraphs 2.1 through 2.3, Bob admits that jurisdiction and venue are proper in this Court. Bob admits that BBB's principal place of business is in the State of Washington and that the individual defendants reside in the State of Washington. Bob denies the remaining allegations in paragraphs 2.1 through 2.3 of the Complaint, inclusive.

III. PARTIES

3.1. Bob admits that Plaintiff is incorporated in the State of Washington and has its principal place of business in Whatcom County, Washington. Bob denies the remaining allegation contained in paragraph 3.1.

3.2. Bob admits that BBB is a Washington limited liability company, with its principal place of business in Lynden, Washington, and that it operates restaurants in the State of Washington. Bob admits that defendant Rick Kildall is a member of BBB and that B. Kildall is affiliated with BBB. Bob denies each and every remaining allegation contained in paragraph 3.2.

IV. FACTS

4.1. Bob admits that Plaintiff manufactures and installs signs. Bob denies each and every remaining allegation contained in paragraph 4.1.

4.2. Bob admits that Plaintiff filed the copyright registrations set out in paragraph 4.2. Bob denies each and every remaining allegation contained in paragraph 4.2.

4.3. Bob denies each and every allegation contained in paragraph 4.3.

4.4. Bob admits that Plaintiff filed the copyright registrations set out in paragraph 4.2. Bob admits that Plaintiff manufactured signs for various Bob's locations. Bob denies each and every remaining allegation contained in paragraph 4.4.

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1 4.5. Bob admits that there is no copyright transfer agreement between Bob and
2 Plaintiff. Bob admits that Plaintiff manufactured signage for BBB. Bob denies each and every
3 remaining allegation in paragraph 4.5.

4 4.6. Bob admits that Plaintiff did not manufacture or install the most recent signs for
5 BBB at Railroad Avenue, Birch Bay Square or Lynden, Washington. Bob denies each and
6 every remaining allegation contained in paragraph 4.6.

7 4.7. Bob admits that Plaintiff was asked to provide a bid to produce the signs for a
8 Yakima BBB restaurant, and that any e-mail documents speak for themselves. Bob denies each
9 and every remaining allegation contained in paragraph 4.7.

10 4.8. Bob admits that another company has produced signs for the Yakima restaurant.
11 Bob denies each and every remaining allegation contained in paragraph 4.8.

12 4.9. Bob denies each and every allegation contained in paragraph 4.9.

13 4.10. Bob denies that Plaintiff has any intellectual property rights in the art work or
14 configuration of any signs, and therefore denies any allegation contained in paragraph 4.10 that
15 Plaintiff had any rights to assign to anyone, or that BBB or anyone else needed to obtain
16 Plaintiff's approval to use any of the at-issue artwork. In the alternative, to the extent Plaintiff
17 has any intellectual property rights in the design or configuration of BBB signage or branding,
18 Bob has an irrevocable implied license in any such works and Bob's actions have been within
19 the scope of its implied license. Bob therefore denies each and every allegation contained in
20 paragraph 4.10.

21 4.11. Bob denies each and every allegation contained in paragraph 4.11.

22 4.12. Bob denies each and every allegation contained in paragraph 4.12.

23 4.13. Bob denies each and every allegation contained in paragraph 4.13.

24 4.14. Bob denies each and every allegation contained in paragraph 4.14.

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1 4.15. Bob denies each and every allegation contained in paragraph 4.15.

2 **V. TSP'S CAUSE OF ACTION – COPYRIGHT INFRINGEMENT**

3 5.1. Bob restates and incorporates by reference the answers, admissions and denials
4 set out in response to paragraphs 1.1-4.15.

5 5.2. Bob denies each and every allegation contained in paragraph 5.2.

6 5.3. Bob admits that Plaintiff wrongfully registered copyright registrations for
7 various signs relating to BBB. Bob denies each and every remaining allegation contained in
8 paragraph 5.3.

9 5.4. Bob denies that Plaintiff has any intellectual property rights in the art work or
10 configuration of any signs, and therefore denies any allegation contained in paragraph 4.10 that
11 Plaintiff had any rights to assign to anyone, or that BBB or anyone else needed to obtain
12 Plaintiff's approval to use any of the at-issue artwork. In the alternative, to the extent Plaintiff
13 has any intellectual property rights in the design or configuration of BBB signage or branding,
14 Bob has an irrevocable implied license in any such works and Bob's actions have been within
15 the scope of its implied license. Bob therefore denies each and every allegation contained in
16 paragraph 5.4.

17 5.5. Bob denies each and every allegation contained in paragraph 5.5.

18 5.6. Bob denies each and every allegation contained in paragraph 5.6.

19 5.7. Bob denies each and every allegation contained in paragraph 5.7.

20 5.8. Bob denies each and every allegation contained in paragraph 5.8.

21 5.9. Bob admits that Plaintiff wrongfully alleged that it had rights in the at-issue
22 artwork. Bob denies each and every remaining allegation contained in paragraph 5.9.

23 **VI. PLAINTIFF'S PRAYER FOR RELIEF**

24 6.1 Bob denies that Plaintiff is entitled to the relief it seeks;

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1 6.2 Bob denies each and every allegation in Plaintiff's Complaint that Bob has not
2 expressly addressed.

3 **AFFIRMATIVE DEFENSES**

4 By way of further answer to Plaintiff's Complaint, Bob alleges the following
5 affirmative defenses:

6 1. Plaintiff has failed to state a claim upon which relief can be granted.

7 3. Plaintiff's claims are barred by the doctrines of waiver.

8 3. Plaintiff's claims are barred under the doctrine of unclean hands.

9 4. Plaintiff's claims are barred as it has committed copyright misuse, inequitable
10 conduct and otherwise abused the copyright process.

11 6. Plaintiff's claims are barred based upon equitable estoppel, waiver, detrimental
12 reliance, release, and other applicable equitable defenses.

13 7. Plaintiff's claims are barred because it has no right, title or interest in any
14 "copyrightable" material, as the at-issue art is utilitarian, constitutes BBB's trademark, is not
15 original nor creative as to Plaintiff, and otherwise not subject to any copyright protection in the
16 name of Plaintiff.

17 9. Plaintiff's claims are barred because to the extent that the at-issue artwork is
18 subject to copyright protection in the name of Plaintiff, as part of its dealings with Plaintiff,
19 Bob acquired an implied irrevocable license to use its brand and trademark and to create
20 derivatives of the at-issue artwork without first obtaining the consent of or further
21 compensating Plaintiff.

22 10. Plaintiff's claims are barred because to the extent that the at-issue artwork is
23 subject to copyright protection, Bob and/or others were the authors, or at least joint authors, of
24 such work.

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1 11. Bob incorporates herein by reference all of its counterclaims to the extent they
2 constitute an affirmative defense.

3 12. Bob reserves the right to state additional affirmative defenses based upon
4 continuing discovery and investigation.

5 **I. COUNTERCLAIMS**

6 BBB, further answering the complaint by way of counterclaims against Plaintiff,
7 alleges, contends and prays as follows:

8 **II. PARTIES AND JURISDICTION**

9 1.1 BBB is a Washington state limited liability company, whose principal place of
10 business located in Lynden, Washington.

11 1.2 Plaintiff is a Washington state corporation, with its principal place of business
12 located in Lynden, Washington.

13 1.3 This declaratory judgment action is brought pursuant to 28 U.S.C. §§ 2201,
14 2202 and Rule 57 of the Federal Rules of Civil Procedure.

15 1.4 An actual justifiable controversy exists between BBB and Plaintiff within the
16 meaning of 28 U.S.C. § 2201 regarding the scope and extent of the parties rights and
17 obligations with respect to certain images and artwork relating to BBB.

18 1.5 This Court has subject matter jurisdiction pursuant to 28 U.S.C. § 1331 and
19 1338 because the dispute arises under federal copyright statutes.

20 1.6. Venue is proper in this Court pursuant to 28 U.S.C. § 1391(a) in that a
21 substantial part of the events or omissions giving rise to this claim occurred in this district.
22 Further, venue is proper in this district because of Plaintiffs' principal places of business.
23
24

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II. FACTS GIVING RISE TO ACTION

2.1 Defendant BBB or its members have been in the business since the first Bob's Burger's & Brew restaurant opened in Lynden, Washington in 1982.

2.2 From the beginning, Bob's Burgers & Brew restaurants featured distinctive names and symbols created by owner of the original restaurant, Bob Kildall, used as a public representation of Bob's Burgers & Brew in advertising, menus and signs.

2.3 Bob's Burger's & Brew restaurants all have a similar look and feel that is typical of any restaurant with multiple locations. It is a well known practice for a restaurant or other business with multiple locations to have those locations resemble one another in order to promote brand recognition.

2.4 BBB holds all copyright and trademark rights in Bob's Burgers & Brew related symbols and artwork.

2.5 From time to time, BBB would retain Plaintiff to assist with building signage for Bob's Burgers & Brew locations.

2.6 BBB fully compensated Plaintiff for all work performed under the sign contracts.

2.7 All signs were created by combining Bob's symbols, trademarks and names sized in a manner designed to fit the particular building to which the signs would be mounted.

2.8 The precise arrangement of the signage was the result of a collaborative undertaking between BBB and the sign contractor.

2.9 At the time of BBB's dealings with Plaintiff, it was not contemplated that Plaintiff would have a monopoly on all future sign building for Bob's Burgers & Brew restaurants that employed Bob's Burgers & Brew trademarks and symbols.

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1 2.10 At the time of BBB's dealings with Plaintiff, it was not contemplated that BBB
2 would need Plaintiff's consent to build similar signs and restaurants in the future in a manner
3 consistent with industry practice.

4 2.11 When BBB solicited bids for its Yakima, Washington location for signage
5 similar to the signs on similar buildings at its previous locations, Plaintiff lost the bid.

6 2.12 After Plaintiff lost the bid for the Yakima location, Plaintiff claimed it had
7 copyrighted the Bob's Burgers & Brew trademark and name and that none of Plaintiff's
8 competitors could build signs for BBB that resembled signs on existing BBB restaurants.
9 Plaintiff attempted to induce acceptance of its losing bid through threats of copyright liability.

10 2.13 To bolster its claims of copyright protection, Plaintiff wrongfully filed the
11 registrations found in paragraph 4.2 of the Complaint. Though Plaintiff has made signs for
12 many other companies, the registrations set forth in paragraph 4.2 of the Complaint are the only
13 alleged copyrights Plaintiff has registered with the United State Copyright Office.

14 2.14 The works in the copyrights registrations listed in paragraph 4.2 of Plaintiff's
15 Complaint are derived from preexisting works owned by BBB.

16 2.15 The works in the copyright registrations listed in paragraph 4.2 of Plaintiff's
17 Complaint contain no non-trivial aspects original to Plaintiff, precluding copyright protection
18 as a derivative work under 17 U.S.C. § 103(b).

19 2.15 Recognition of copyright rights in Bob's Burger & Brew related materials in
20 Plaintiff would limit copyright protection afforded to BBB in its preexisting works and limit the
21 ability of BBB or others to create derivatives of BBB's original works without fear of litigation,
22 precluding copyright protection for the at-issue artwork as a derivative work under 17 U.S.C.
23 § 103(b).

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III. CAUSES OF ACTION – DECLARATORY RELIEF

3.1 BBB incorporates by reference the allegations in paragraphs 2.1 through 2.15.

3.2 There exists a genuine and bona fide dispute, and an actual controversy and disagreement between BBB and Plaintiff concerning copyright ownership and licensing.

3.3 Pursuant to 28 U.S.C. §§ 2201 through 2202, BBB requests that the Court declare the following:

- BBB is the owner of all copyrights and trademarks relating to BBB.
- Plaintiff has no right interest or title in the works set forth in its Complaint or in any other symbols, signs, or art work relating to BBB.
- To the extent Plaintiff has a copyright the works referenced in the Complaint or in any other symbols, signs, or art work relating to BBB, BBB has a non-exclusive, irrevocable implied license to create derivatives of the copyrighted works for use in its business.
- No signage or advertising at any BBB location infringes on any copyright held by Plaintiff.

PRAYER FOR RELIEF

WHEREFORE, Bob respectfully requests this Court enter judgment in its favor:

- (1) dismissing Plaintiff's Complaint with prejudice;
- (2) declaring that BBB is the sole owner of all copyrights at issue in this case;
- (3) directing Plaintiff to request cancellation of the copyright registrations listed in paragraph 4.2 of Plaintiff's Complaint from the United States Copyright Office; and
- (4) awarding Bob their attorneys' fees and costs.

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1 DATED this 13th day of November, 2009.

2 BETTS, PATTERSON & MINES, P.S.

3
4 By /s Daniel L. Syhre
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CERTIFICATE OF SERVICE

I, Daniel L. Syhre, hereby certify that on November 13, 2009, I electronically filed the following:

- **Defendants' Answer, Affirmative Defenses And Counterclaim; and**
- **Certificate of Service;**

with the Court using the CM/ECF system which will send notification of such filing to the following:

Counsel for Plaintiff The Sign Post, Inc.:
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DATED this 13th day of November, 2009.

BETTS, PATTERSON & MINES, P.S.

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